

USDA



Rural Development

Committed to the future of rural communities.

Rural Development — Housing and Community Facilities Programs

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Single Family Home Ownership Direct Loans (Section 502)	Safe, well-built, affordable homes for rural Americans.	Families and individuals. Apply to Rural Development.	Buy, build, improve, repair or rehabilitate rural home as the applicant's permanent residence.	Rural areas with populations of 20,000 or less.	Direct loan.	Up to 100 percent of market value or cost, whichever is less. Loan amortized for 33/38 years. Applicant may be eligible for payment assistance (subsidy) on the loan.
Single Family Home Ownership Guaranteed Loans (Section 502)	Assist eligible applicants in buying their homes by guaranteeing loans made by private lenders.	Families and individuals. Apply to lender.	Purchase new or existing home.	Rural areas with populations of 20,000 or less.	Loan guarantee.	30 year, fixed rate. Interest rate negotiated between lender and borrower. Loans to 100 percent of market value.
Single Family Home Ownership Direct Repair Loans and Grants (Section 504)	To help very-low-income homeowners remove health and safety hazards or to repair their homes.	Families and individuals who currently own their home. Apply to Rural Development.	Repair or replace roof, winterizing, purchase or repair of heating system, structural repair, and water and sewage connect fees, and similar uses.	Rural areas with populations of 20,000 or less.	Direct loan and grant.	Loan terms to 20 years at 1 percent. Assistance to individual may not exceed \$27,500 with combined loan and grant.. Grants only available to very-low-income applicants 62 years or older who cannot afford to pay 1 percent loan.
Mutual Self-Help Housing Grants (Section 523)	Assist lower income families in building their own homes.	Non-profits and public bodies.	Technical assistance to qualify and supervise small groups of families to build each other's homes.	Rural areas with populations of 20,000 or less.	Grant.	Grant agreement.
Rural Rental Housing Direct Loans (Sections 515)	Safe, well-built, affordable rental housing for very-low, and low income individuals and families.	Individuals, limited profit and non-profit organizations. Apply to Rural Development.	New construction or rehabilitation of rental housing.	Rural areas with populations of 20,000 or less.	Direct loan.	Up to 100 percent of total development cost (non-profits); 97 percent (for-profits). 30-year term with up to 50 year amortization. For for-profit organizations with Low-Income Housing Tax Credits, 95 percent of total development costs.
Rural Rental Housing Guaranteed Loans (Section 538)	Safe, well-built, affordable rental housing for low to moderate income individuals and families.	Individuals, partnerships, limited liability companies, trusts, state and local agencies and Indian Tribes. Apply to lender.	New construction or substantial rehabilitation of rural rental housing.	Rural areas with populations of 20,000 or less.	Loan guarantee.	Up to 90 percent loan to value for loans made to for-profit entities, and up to 97 percent loan to value for loans made to non-profit entities. Repayment terms are 25 to 40 year amortization.
Housing Preservation Grants (Section 533)	Repair and rehabilitate housing owned or occupied by very-low- and low-income rural families.	Public bodies and non-profit organizations. Apply to Rural Development.	Operation of a program which finances repair and rehabilitation activities for single family and small rental properties.	Rural areas with populations of 20,000 or less.	Grant.	Grant agreement.
Farm Labor Housing (Sections 514 & 516)	Safe, well-built affordable rental housing for farm workers.	Individuals, public and private non-profit organizations. Apply to Rural Development.	New construction or substantial rehabilitation of rental housing.	No population restriction.	Direct loan and grant.	Up to 102 percent of total development cost. Up to 33 years to repay at 1 percent interest.
Community Facilities (Faith-Based and First Responder)	Provide essential community facilities for rural communities.	Public bodies, non-profit organizations, and Indian tribes. Apply to Rural Development.	Build facilities and purchase equipment for fire and rescue, early warning systems, police stations, health clinics, schools, libraries, hospitals, etc.	Rural areas with populations of 20,000 or less.	Direct loan or loan guarantee, grant.	Up to 100 percent of market value. Up to 40 years or life of security. Maximum grant 75 percent of project cost.

Direct Loans and Grants - Apply to Rural Development. Loan Guarantees - Apply to intermediary (approved banks, mortgage companies)

Revised Oct. 8, 2009

Rural Development — Business and Cooperative Programs

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Business and Industry Loan Guarantees (B&I)	Create jobs and stimulate rural economies by providing guarantees on loans to rural businesses.	Federal or State chartered banks, credit unions, savings & loan associations or farm credit institutions.	Most business purposes except production agriculture. Includes acquisition, start-up and expansion of businesses that improve economic climate and create rural employment.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Loan guarantee.	Lender and borrower negotiate rate and term. Minimum 10% tangible equity needed for existing business, 20% for a start-up.
Intermediary Relending Program (IRP)	One-percent 30-year loans to intermediaries for the benefit of businesses in rural areas.	Public bodies, non-profit corporations, Native American tribes, and cooperatives. Apply to Rural Development.	Gap financing for rural businesses to help create or save jobs.	Rural areas and incorporated places with populations of less than 25,000.	Direct loan.	The intermediary makes loans to businesses from its revolving loan fund on terms consistent with security offered. Intermediary pays 1 percent for 30 years.
Rural Business Enterprise Grants (RBEG)	Finance and facilitate the development of small and emerging private business enterprises.	Public bodies, private non-profit corporations, and federally recognized Native American tribal groups. Apply to Rural Development.	Buy and develop land, establish a revolving loan fund, construct buildings, plants, equipment, access streets and roads, parking areas, utility and service extensions, and rural distance learning networks.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Grant.	When grant funds are used for revolving loan fund (RLF), the intermediary makes loans to businesses from its RLF on terms consistent with security offered.
Rural Business Opportunity Grants (RBOG)	Finance technical assistance for business development and conduct economic development planning in rural areas.	Public bodies, non-profit corporations, Indian tribes on Federal or State reservations, and cooperatives with members that are primarily rural residents.	Technical assistance, revolving loans or public infrastructure projects on behalf of private businesses.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Grant.	Must be completed within 2 years after project has begun.
Rural Economic Development Loans and Grants (REDLG)	Finance economic development and job creation in rural areas.	Electric cooperatives and telephone utilities eligible for financing from the Rural Utilities Service. Apply to Rural Development.	Promote rural economic development and/or job creation projects including feasibility studies, startup costs, and business incubators.	Rural areas and places with populations of 2,500 or less get priority.	Direct loan and revolving loan fund grant.	The intermediary (electric cooperative or telephone utility) makes loans to profit or non-profit business and public bodies for rural economic development and/or job creation projects. Loans are 0 percent for 10 years.
Rural Cooperative Development Grants (RCDG)	Establish and operate centers for cooperative development to improve the economic condition of rural areas through the development of new cooperatives and improving operations of existing cooperatives.	Non-profit corporations and institutions of higher education. Apply directly to Rural Development.	To conduct feasibility studies, business plans, and applied research as well as provide training and other technical assistance to new and existing cooperatives and businesses.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Grant.	Applicants must meet specific selection criteria including a minimum 25 percent fund match. Grants are awarded on a competitive basis.
Value-Added Producer Grants (VAPG)	Assist agricultural producers to enter into activities that add value to their commodities.	Independent ag producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures. Apply to Rural Development.	Planning purposes such as conducting feasibility studies or business plans; or as working capital to help start the operations of a venture.	No population restriction.	Grant.	Applicants must meet specific selection criteria. Grants are awarded on a competitive basis. Funds cannot be used to build facilities or purchase equipment. Funds must be matched on a dollar-for-dollar basis.
Small, Socially Disadvantaged Producer Grants (SSDPG)	Technical Assistance	Cooperatives or associations of cooperative whose primary focus is to provide assistance to small, socially disadvantaged producers (e.g. minorities and women) and whose governing board and/or membership is comprised of at least 75 percent minority or women.	To conduct technical assistance such as market research, product and/or service improvement; legal advice and assistance; feasibility study, business plan and marketing plan development; and training.	All areas except cities of more than 50,000 and their contiguous and adjacent urbanized areas.	Grant.	Applicants must meet specific selection criteria and grants are awarded on a competitive basis. Funds are to be used only for Technical Assistance. There are no matching requirements for this program.
Rural Energy for America Program (REAP)	Finance the purchase of renewable energy systems, and make energy efficiency improvements	Agricultural producers and rural small businesses.	Construction or improvements, purchase and installation of equipment, energy audits, permit fees, professional service fees, business plans, feasibility studies. No real estate.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Loan guarantee and grant.	Applicants must meet specific selection criteria. Grants are awarded on a competitive basis and cannot exceed 25 percent of eligible project costs. Guaranteed loans cannot exceed 75 percent of eligible project costs.

Rural Development — Business and Cooperative Programs (cont.)

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Energy Audit and Renewable Energy Development Assistance (REAP)	Energy audits & renewable energy development assistance for farmers and rural businesses.	Units of government, institutions of higher education, RECs.	Grants to assist applicants with renewable energy audits and assistance up to 75% of need for REAP-eligible applicants.	Farmer or business audited or assisted must be in any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Grants of up to \$100,000 per applicant. Selections made annually in Washington D.C.	Contact: Lisa Noty (507) 373-7960, ext. 120 lisa.noty@mn.usda.gov Field representatives.
BioRefinery Assistance Program (Section 9003)	The purpose of this section is to assist in the development of new and emerging technologies for the development of advanced biofuels	Commercial-scale biorefineries for advanced biofuels (non-corn starch); institutions of higher-education, co-ops, National labs, state research agencies, private and non-profit corporations	Construction or retrofitting of biorefineries including wood products and sugar mills to produce advanced biofuels (e.g. from cellulose)	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Loan guarantee of up to \$250 million. Selections made annually in Washington D.C.	Lender and borrower negotiate terms. 10-20 percent minimum equity. Feasibility study. Contact: David Gaffaney (651) 602-7814 David.gaffaney@mn.usda.gov Lisa Noty (507) 373-7960, ext. 120 Lisa.noty@mn.usda.gov
Repowering Assistance Program (Section 9004)	Refinancing existing ethanol, biodiesel or other biorefineries to use less coal, oil or natural gas	Biorefineries in existence as of June 18, 2008	Construction or retrofitting of existing biorefineries, including wood products and sugar mills, to replace fossil fuels with biomass for heat or energy.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Up to \$5 million or 50% of cost of retrofit, whichever is less. Selections made annually in Washington D.C.	No equity required. Contact USDA Rural Development energy division, Washington D.C. (202) 720-1400.
Advanced Biofuels Producer Payment Program (Section 9005)	Payments to biorefineries producing advanced biofuels (non-corn starch based; liquid or gas, not solid)	Individuals, for-profits, nonprofits, and other entities already producing advanced biofuels.	Contracts for one payment to expand production of advanced biofuels (e.g. non corn starch based, such as cellulose) during the period after 10/1/08.	Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town.	Grants based on BTUs produced divided by eligible applicants. Selections made annually in Washington D.C.	No equity required. Contact: Lisa Noty (507) 373-7960, ext. 120 Lisa.noty@mn.usda.gov Field Representatives.
Research on the Economic Impact of Cooperatives (REIC)	Encourages research on national economic impact of all types of cooperatives.	Institutions of higher education, or research foundations, or nonprofits maintained by colleges or universities.	Cooperative agreement funded on a reimbursement basis, quarterly, over a two-year period.	None	One grant of up to \$500,000, usually. Selections made annually in Washington D.C.	Project must be completed within three years. Contact: Apply at www.grants.gov .
Cooperative Agreements for Heir Property	Funds to help with problems on clouded titles of rural land held by African Americans.	Non-profit community-based organizations.	Pilot program to help with clouded titles on heir property of African Americans and to expand ownership of farming heir property.	Rural areas, but not defined.	\$20,000 initial, \$75,000 subsequent. Selections made in Washington D.C.	No equity required. Contact: Apply at www.grants.gov .
Rural Microentrepreneur Assistance Program (RMAP)			Announcement in 2010.		Selections made in Washington D.C.	

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Rural Development — Utilities Programs

Program	Objective	Applicant	Uses	Population	Loan/Grant	Terms/Conditions
Water and Waste Disposal Loans and Grants	Provide water and waste financing in rural areas to the most financially needy applicants resulting in reasonable user fees.	Public entities, Indian tribes, and non-profit corporations. Apply to Rural Development.	Build, repair, and improve public water systems, and waste collection and treatment systems. Also other related costs.	Rural areas, cities, and towns with up to 10,000 population.	Direct loan and grant.	Interest rates are set quarterly based on an index of current market yields for municipal obligations. Repayment period is a maximum of 40 years. Grant funds may be available.
Water and Waste Disposal Loan Guarantees	Provide loan guarantees to lenders serving financially needy applicants.	Public entities, Indian tribes, and non-profit corporations. Apply to Rural Development.	Construct, repair, modify, expand, improve water supply and distribution systems, and waste collection and treatment systems. Also other related costs.	Rural areas, cities, and towns with up to 10,000 population.	Loan guarantee.	Eligible lenders obtain up to a 90 percent guarantee on loans they make and service. Lenders should contact Rural Development Area or State Office.
Solid Waste Management Grants	Provide technical assistance and/or training to help communities reduce or eliminate pollution of water resources and improve planning and management of solid waste sites.	Non-profit organizations and public bodies. Apply to Rural Development.	Provide technical assistance and training to reduce pollution of water resources and improve management of solid waste facilities.	Rural areas, cities and towns with up to 10,000 population.	Grant.	Projects are funded based on selection at the National level. Applications are accepted from October 1 to December 31 of each year.
Rural Broadband Loans and Loan Guarantees	The deployment of broadband service to eligible rural communities.	Legally organized entities providing or proposing to provide broadband service in eligible rural communities. Cannot serve more than 2 percent of the telephone subscriber lines installed in the U.S.	The construction, acquisition, and improvement of broadband transmission facilities and equipment; land and buildings used in providing broadband service; and the refinancing of Telecommunications Program debt.	Eligible rural communities with a population of 20,000 inhabitants or less.	Direct loan and loan guarantee.	Loans are made at the Treasury rate of interest at the time of the advance for a period equal to expected composite economic life of the assets financed. Loans are guaranteed at the interest rate set by the private lender for no more than 80 percent of the principal amount.
Electric and Telecommunications Loans and Guarantees	Provide financial aid through direct and guaranteed loans for electric and telecommunications services.	For profit entities, non-profit and cooperative associations, public bodies, and other utilities. Apply directly to Rural Development National Office.	Generation, bulk transmission facilities, and distribution of electric power. Enhance 911 emergency service, digital switching equipment, fiber optic cable, along with traditional main system telecommunications service and broadband services.	Electric: Rural areas as defined by the U.S. Census. Telecommunication: Rural areas with populations of 5,000 or less.	Direct loan and loan guarantee.	Interest rates are established in accordance with 7 CFR 1745.
Distance Learning and Telemedicine Loans and Grants	Development and deployment of advanced telecommunication services throughout rural America to improve education and health care.	Incorporated entities, including municipal corporations, on a for profit or not-for-profit basis, that operate rural schools, libraries, health care clinics and other organizations that operate educational or health care facilities.	Equipment for classrooms: cameras, video monitors, computers, and LAN. Also for physician consultation, radiology, ex-ray scanners, and digital microscopes.	Rural areas with populations of 20,000 or less.	Direct loan and/or grant.	Matching funds are required.

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Office Locations

State Office

St. Paul – (651) 602-7800

Northwest Area

Detroit Lakes – (218) 847-9392, ext. 4

Thief River Falls – (218) 681-2843, ext. 4

Alexandria – (320) 763-3191, ext. 4

Northeast Area

Baxter – (218) 829-5965, ext. 4

Virginia – (218) 741-3929, ext. 4

Bemidji – (218) 751-1942, ext. 4

East Central Area

Cambridge – (763) 689-3354, ext. 4

Southwest Area

Marshall – (507) 532-3234, ext. 4

Worthington – (507) 372-7784, ext. 4

Willmar – (320) 235-5612, ext. 4

Southeast Area

Faribault – (507) 332-7418, ext. 4

Austin – (507) 437-8247, ext. 4

Albert Lea – (507) 373-7960, ext. 120